

AMENDED IN SENATE AUGUST 14, 2000

AMENDED IN ASSEMBLY MAY 26, 2000

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 2456

Introduced by Assembly Member Wright
(Coauthor: Senator Alarcon)

February 24, 2000

~~An act to add Chapter 38 (commencing with Section 24980)~~
~~to~~ *An act to add and repeal Chapter 27.1 (commencing with*
Section 24230) of Part 13 of Division 1 of Title 1 of the
Education Code, relating to state teachers' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 2456, as amended, R. Wright. State teachers' retirement: deferred retirement option program.

The State Teachers' Retirement Law prescribes service ~~and disability~~ retirement benefits for members of the Defined Benefit Program of the State Teachers' Retirement System *which benefits are paid in the form of a monthly allowance.*

This bill would establish ~~the Deferred a Retirement Option Program as a supplemental benefit program in the Defined Benefit Program~~ *that would allow members of the Defined Benefit Program to elect to receive a lump-sum payment and a reduced monthly allowance, as specified. The bill would direct the board of administration of the system to implement the program no later than January 1, 2002, except as specified. The bill's provisions would be repealed on January 1, 2011.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Chapter—~~38~~ 27.1 (commencing with
Section—~~24980~~ 24230) is added to Part 13 of Division 1 of
Title 1 of the Education Code, to read:

CHAPTER ~~38.~~ ~~DEFERRED~~ 27.1. RETIREMENT OPTION
PROGRAM

Article 1.—~~General Provisions~~

~~24980.~~

24230. This chapter shall be known and may be cited
as the—~~“Deferred Retirement”~~ “Retirement Option
Program.”

~~24980.1.—The Deferred~~

24231. *The Retirement Option Program is hereby
created to add flexibility to the system. It provides
members who elect to participate in the program access
to a lump sum or additional monthly payments for a
specific period in addition to their normal monthly to a
lump-sum payment and a reduced monthly retirement
allowance.*

~~24980.2.—~~

24232. The design and administration of the—~~Deferred~~
Retirement Option Program shall conform with the
applicable provisions of Title 26 of the United States Code
and the Revenue and Taxation Code.

~~24980.3.—~~

24233. If any provision of this chapter or application
thereof to any person or circumstance is held invalid, that
invalidity shall not affect other provisions or applications
of this chapter that can be given effect without the invalid
provision or application, and to this end the provisions of
this chapter are severable.

~~24980.4.—The board shall implement the Deferred~~

1 24234. *The board shall implement the Retirement*
2 *Option Program pursuant to the provisions of this*
3 *chapter no later than January 1, 2002, unless the board*
4 *determines, by resolution, that the implementation tasks*
5 *cannot be completed until a later date, in which case the*
6 *board shall implement the program pursuant to this*
7 *chapter no later than January 1, 2003.*

8 ~~24980.5.~~

9 24235. *The board any adopt regulations to implement*
10 *the program.*

11
12 ~~Article 2.—Definitions~~
13

14 24236. *A member who retires for service on or after*
15 *January 1, 2002, with at least 20 years of credited service*
16 *and who has reached normal retirement age may elect,*
17 *on a form prescribed by the system, to receive a*
18 *lump-sum payment and an actuarially reduced monthly*
19 *allowance pursuant to this chapter in lieu of the monthly*
20 *allowance that would otherwise be payable to the*
21 *member pursuant to Chapter 27 (commencing with*
22 *Section 24201).*

23 24237. (a) *A member who makes the election*
24 *described in Section 24236 shall receive a one-time,*
25 *lump-sum payment in an amount that equals or does not*
26 *exceed the lesser of the following amounts:*

27 (1) *The actuarial present value of the difference*
28 *between (A) the monthly allowance payable to the*
29 *member pursuant to Chapter 27 (commencing with*
30 *Section 24201), and (B) an amount equal to 2 percent of*
31 *the member's final compensation multiplied by the*
32 *number of years of credited service and divided by 12.*

33 (2) *Fifteen percent of the actuarial present value of*
34 *the monthly allowance payable to the member under*
35 *Chapter 27 (commencing with Section 24201).*

36 (b) *Notwithstanding any other provision of this part,*
37 *a member who makes the election described in Section*
38 *24236 shall receive a monthly allowance, pursuant to*
39 *Chapter 27 (commencing with Section 24201), that shall*

1 *be actuarially reduced to reflect the lump-sum amount*
2 *paid under subdivision (a).*
3 *24238. This chapter shall remain in effect only until*
4 *January 1, 2011, and as of that date is repealed, unless a*
5 *later enacted statute, that is enacted before January 1,*
6 *2011, deletes or extends that date.*

7
8
9
10
11
12
13

**All matter omitted in this version of the
bill appears in the bill as amended in the
Assembly, May 26, 2000 (JR 11)**

